TOWER

29 May 2006

Market Information
New Zealand Exchange Limited
ASB Bank Tower
Level 9, 2 Hunter Street
Wellington
NEW ZEALAND

Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000
AUSTRALIA
ARBN 088 481 234 Incorporated in New Zealand

Dear Sir/Madam

TOWER Finance Limited – Company Announcement

In accordance with Listing Rules, please find attached the following document:

- **NZX APPENDIX 1 – PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2006.**

Yours faithfully

P. e. Ellis

Philippa Ellis
General Manager, Investor Relations & Corporate Services
TOWER Limited

PRELIMINARY HALF YEAR REPORT ANNOUNCEMENT

TOWER Finance Limited

(Name of Listed Issuer)

For Half Year Ended 31-Mar-06

(referred to in this report as the "current half year")

Preliminary *half year report on consolidated results (including the results for the previous corresponding *half year) in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates [see Note (X) attached] and is based on unaudited financial statements. If the report is based on audited financial statements, any qualification made by the auditor is is to be attached.

The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

[PLEASE REFER TO ATTACHED NOTES WHEN COMPLETING THIS FORM]

		*Consolidated Statement Financial Performance		
1	CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE	Current half Year $NZ'000	*Up/Down %	Previous corresponding half year $NZ'000
1.1	OPERATING REVENUE			
	(a) Trading Revenue	9,780	2.8%	9,515
	(b) Other Revenue	-		-
	(c) Total Operating Revenue	-		-
1.2	OPERATING *SURPLUS (DEFICIT) BEFORE TAXATION	558	248.8%	160
	(a) Less taxation on operating result	184	247.2%	53
1.3	OPERATING *SURPLUS (DEFICIT) AFTER TAX	374	249.5%	107
	(a) Extraordinary Items after Tax [detail in Item 3]	-		-
	(b) Unrealised net change in value of investment properties	-		-
1.4	NET *SURPLUS (DEFICIT) FOR THE PERIOD	374	249.5%	107
	(a) Net *Surplus (Deficit) attributable to minority interests	-		-
1.5	NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER	374	249.5%	107

		*Consolidated Statement of Financial Performance	
2	DETAILS OF SPECIFIC RECEIPTS/OUTLAYS, REVENUES/ EXPENSES FOR HALF YEAR	Current half year $NZ'000	Previous corresponding half year $NZ'000
2.1	INCLUDED IN CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE		
	(a) Interest revenue included in Item 1.1(b)	9,780	9,515
	(b) # Unusual items for separate disclosure (gain/loss) (detail - Item 3)	-	-
	(c) Equity earnings (gain/loss) (detail - Item 16)	-	-
	(d) Interest expense included in Item 1.2 (include all forms of interest, etc)	8,538	8,664
	(e) Leasing and renting expenses	-	-
	(f) Depreciation	605	605
	(g) Diminuton in the value of assets (other than depreciation)	-	-
	(h) Amortisation of goodwill	-	-
	(i) Amortisation of other intangible assets	-	-
	(j) Impairment of goodwill	-	-
	(k) Impairment of other intangible assets	-	-

		Consolidated Statement of Financial Performance	
		Current half Year $NZ'000	Previous corresponding half Year $NZ'000
2.2	SUPPLEMENTARY ITEMS		
(a)	# Interest costs excluded from Item 2.1(d) and capitalised	-	-
(b)	# Outlays (other than those arising from the acquisition of an existing	-	-
	business) capitalised in intangibles	-	-
(c)	Unrecognised differences between the carrying value and market value	-	-
	of publicly traded investments	-	-

#Items marked in this way need to be shown only there their inclusion as revenue or exclusion from expenses has had a material effect on reported *surplus (deficit)

3	DISCONTINUED, UNUSUAL (INCLUDING NON RECURRING), AND EXTRAORDINARY ITEMS OF THE GROUP	Group - Current Half Year	
	DETAILS AND COMMENTS	Operating Revenue $NZ'000	Operating Surplus $NZ'000
	Discontinued Activities:	N/A	N/A
	(Disclose Operating Revenue and Operating Surplus)		
	TOTAL DISCONTINUED ACTIVITIES		
	Material Unusual (including Non Recurring) Items (included in 1.2)	N/A	N/A
	Description:		
	TOTAL MATERIAL NON RECURRING ITEMS		
	Extraordinary Items (Ref. Item 1.3(a))	N/A	N/A
	Description:		
	TOTAL EXTRAORDINARY ITEMS		

		Statement of Movements In Equity	
4	STATEMENT OF MOVEMENTS IN EQUITY	Current half year $NZ'000	Previous corresponding half year $NZ'000
4.1	*NET SURPLUS (DEFICIT) ATTRIBUTABLE TO MEMBERS OF LISTED ISSUER	374	107
(a)	*Net Surplus (Deficit) attributable to minority interest	-	-
4.2	OTHER RECOGNISED REVENUE AND EXPENSES	-	-
(a)	*Increases (decreases) in revaluation reserves	-	-
(b)	Current Translation Differences	-	-
(c)	Minority interest in other recognised revenue and expenses	-	-
4.3	TOTAL RECOGNISED REVENUES AND EXPENSES	374	107
4.4	OTHER MOVEMENTS		
(a)	Contributions by Owners	-	-
(b)	Distributions to Owners	-	-
(c)	Other	-	-
4.5	EQUITY AT BEGINNING OF HALF YEAR	1,115	979
4.6	EQUITY AT END OF HALF YEAR	1,489	1,086

	Earnings Per Security	
5 EARNINGS PER SECURITY Calculation of basic and fully diluted, EPS in accordance with IAS33: Earnings Per Share	Current half year	Previous corresponding half year
(a) Basic EPS	3,740	1,070
(b) Diluted EPS (if materially different from (a))	N/A	N/A

6 MATERIAL ACQUISITIONS OF SUBSIDIARIES (See Note (VII) attach		
(a) Name of subsidiary or group of subsidiaries	N/A	N/A
(b) Percentage of ownership acquired	N/A	N/A
(c) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)	N/A	N/A
(d) Date from which such contribution has been calculated	N/A	N/A
	N/A	N/A

7 MATERIAL DISPOSALS OF SUBSIDIARIES (See Note (VII) attached)		
(a) Name of subsidiary or group of subsidiaries	N/A	N/A
(b) Contribution to consolidated net *Surplus (Deficit) (Item 1.4)	N/A	N/A
(c) Date from which such contribution has been calculated	N/A	N/A
(d) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) for the previous corresponding half year	N/A	N/A
(e) Contribution to consolidated net *Surplus (Deficit) (Item 1.4) from sale of subsidiary	N/A	N/A

8 REPORTS FOR INDUSTRY AND GEOGRAPHICAL SEGMENTS

Information on the industry and geographical segments of the Listed Issuer is to be reported for the half year in accordance with the provisions of SSAP:23: Financial Reporting for Segments. Because of the differing nature and extent of segments among Listed Issuers, no complete proforma is provided, and the segment information should be completed separately and attached to this report. However, the following shows a suitable list of items for presentation and indicates which amounts should agree with items included elsewhere in the *half year year report:

SEGMENTS

TOWER Finance Limited operates in the financial services industry within New Zealand

Industry

- Operating revenue:
  - * Sales to customers outside the group
  - * Intersegment sales
  - * Unallocated revenue
- Total revenue [consolidated total equal to Item 1.1(c) above]
- Segment result
- Unallocated expenses
- Operating surplus (Deficit) after tax (Item 1.3)
- Segment assets
- Unallocated assets
- Total assets (Equal to Item 9.3)

Geographical

- Operating revenue:
  - * Sales to customers outside the group
  - * Intersegment sales
  - * Unallocated revenue
- Total revenue [consolidated total equal to Item 1.1(c) above]
- Segment result
- Unallocated expenses
- Operating surplus (Deficit) after tax (Item 1.3)
- Segment assets
- Unallocated assets
- Total assets (Equal to Item 9.3)

(Note (VIII) attached has particular relevance for the preparation)	Consolidated Statement of Financial Position		
9 CURRENT ASSETS:	At end of current half Year $NZ'000	As shown in last Annual Report $NZ'000	If half yearly as shown in last half yearly report $NZ'000
(a) Cash	34	61	229
(b) Trade receivables	202,882	201,866	200,924
(c) Investments	-	-	-
(d) Inventories	-	-	-
(e) Other assets, current	-	-	-
TOTAL CURRENT ASSETS			
9.1 NON-CURRENT ASSETS			
(a) Trade receivables	-	-	-
(b) Investments	-	-	-
(c) Inventories	-	-	-
(d) Property, plant and equipment	-	-	-
(e) Goodwill	-	-	-
(f) Deferred Taxation Assets	-	-	-
(g) Other Intangible Assets	-	-	-
(h) Other assets, non current	-	-	-
9.2 TOTAL NON-CURRENT ASSETS	-	-	-
9.3 TOTAL ASSETS	202,916	201,927	201,153
9.4 CURRENT LIABILITIES			
(a) Trade Creditors	3,590	3,764	3,638
(b) Income in advance, current	-	-	-
(c) Secured loans	-	-	-
(d) Unsecured loans	-	-	-
(e) Provisions, current	-	-	-
(f) Other liabilities, current	-	-	-
TOTAL CURRENT LIABILITIES	3,590	3,764	3,638
9.5 NON-CURRENT LIABILITIES			
(a) Accounts payable, non-current			
(b) Secured loans			
(c) Unsecured loans	197,200	196,595	195,990
(d) Provisions, non-current			
(e) Deferred Taxation Liability, non-current	293	358	423
(f) Other liabilities, non-current	344	95	16
9.6 TOTAL NON-CURRENT LIABILITIES	197,837	197,048	196,429
9.7 TOTAL LIABILITIES	201,427	200,812	200,067
9.8 NET ASSETS			
9.9 SHAREHOLDERS' EQUITY			
(a) Share capital (optional)			
(b) Reserves (optional) (i) Revaluation reserve			
(ii) Other reserves			
(c) Retained Surplus (accumulated Deficit) (optional)	1,489	1,115	1,086
9.10 SHAREHOLDERS' EQUITY ATTRIBUTABLE TO MEMBERS OF THE LISTED ISSUER			
(a) Minority equity interests in subsidiaries			
9.1 TOTAL SHAREHOLDERS' EQUITY	1,489	1,115	1,086
(a) Returns on Assets (%) (EBIT divided by Total Assets)	0.27%	0.10%	0.08%
(b) Return on Equity (%) (Net Income divided by Shareholders' Equity)	25.1%	12.2%	9.9%
(c) Debt to Equity Ratio (%) (Total Liabilities divided by Shareholders' Equity)	13528%	18010%	18422%

(See Note (IX) attached) 10 CASH FLOWS RELATING TO OPERATING ACTIVITIES	Consolidated Statement of cashflows for half year Current half year $NZ'000	Corresponding half year $NZ'000
(a) Receipts from customers		
(b) Interest received	9,780	9,515
(c) Dividends received		
(d) Payments to suppliers and employees	(78)	(86)
(e) Interest paid	(8,713)	(8,790)
(f) Income taxes paid		
(g) Other cash flows relating to operating activities		
NET OPERATING FLOWS	989	639

(See Note (IX) attached) 11 CASH FLOWS RELATING TO INVESTING ACTIVITIES		
(a) Cash proceeds from sale of property, plant and equipment		
(b) Cash proceeds from sale of equity investments		
(c) Loans repaid by other entities		
(d) Cash paid for purchases of property, plant and equipment		
(e) Interest paid - capitalised		
(f) Cash paid for purchases of equity investments		
(g) Loans to other entities		
(h) Other cash flows relating to operating activities	(1,016)	(654)
NET INVESTING CASH FLOWS	(1,016)	(654)

(See Note (IX) attached) 12 CASH FLOWS RELATED TO FINANCING ACTIVITIES		
(a) Cash proceeds from issue of shares, options, etc.		
(b) Borrowings		
(c) Repayment of borrowings		
(d) Dividends paid		
(e) Other cash flows relating to operating activities		
NET FINANCING CASH FLOWS		

(See Note (IX) attached) 13 NET INCREASE (DECREASE IN CASH HELD)		
(a) Cash at beginning of half year	61	244
(b) Exchange rate adjustments to item 12.3(a) above		
(c) CASH AT END OF HALF YEAR	34	229

14 NON-CASH FINANCING AND INVESTING ACTIVITIES

Provide details of financing and investing transactions which have had a material effect on group assets and and liabilities but did not involve cash flows: ....

....

....

....

....

15 RECONCILIATION OF CASH

For the purposes of the above Statement of cash flows, cash includes:

....

....

Cash at the end of the half year as shown in the statement of cash flows is reconciled to the related items in the financial statements as follows:

	Current half year NZ$'000	Previous Corresponding half year NZ$'000
Cash on hand and at bank	34	229
Deposits at call		
Bank overdraft		
Other (provide details eg Term Deposits		
Total = Cash at End of Half (Item 13(c) above)	34	229

16 EQUITY ACCOUNTED INVESTMENTS IN ASSOCIATES

Information attributable to the reporting group's share of investments in associates and other material interests is to be disclosed by way of separate note below (refer FRS-38 Accounting for Investments in Associates).

16 GROUP SHARE OF RESULTS OF ASSOCIATES

	Equity Earnings	
	Current half year $NZ'000	Previous corresponding half year $NZ'000
(a) OPERATING *SURPLUS (DEFICIT) BEFORE TAX	N/A	N/A
(b) Less tax	N/A	N/A
(c) OPERATING *SURPLUS (DEFICIT) AFTER TAX	N/A	N/A
(i) Extraordinary items	N/A	N/A
(d) NET *SURPLUS (DEFICIT) AND EXTRAORDINARY ITEMS AFTER TAX	N/A	N/A

16 MATERIAL INTERESTS IN CORPORATIONS NOT BEING SUBSIDIARIES

(a) The group has a material (from group's viewpoint) interest in the following corporations:

Name	Percentage of ordinary shares held at end of Half Year		Contribution to net *surplus (deficit) (Item 1.5)	
	Current Half Year	Previous Corresponding Half Year	Current Half Year NZ$'000	Previous Corresponding Half Year NZ$'000
Equity Accounted Associates			Equity Accounted in current year	
	N/A	N/A	N/A	N/A
Other Material Interests			Not Equity Accounted in current year	
	N/A	N/A	N/A	N/A

(b) Investments in Associates

	Current half Year $NZ'000	Previous Corresponding half Year $NZ'000
Carrying value of investments in associates beginning of half year/ full year	N/A	N/A
Share of changes in associates' post acquisition surpluses/and reserves:		
- Retained surplus	N/A	N/A
- Reserves		
Net goodwill amortisation and impairment adjustments in the period	N/A	N/A
Less Dividends received in the period	N/A	N/A
Equity carrying value of investments at the end of half year/full year	N/A	N/A
Amount of goodwill included in carrying value at end of that half year/full year	N/A	N/A

17 ISSUED AND QUOTED SECURITIES AT END OF CURRENT HALF YEAR

Category of Securities	Number Issued		Number Quoted	Paid-Up Value Cents (If not fully paid)
PREFERENCE SHARES:				
# (Description)				
Issued during current half year				
ORDINARY SHARES:				
Shares at 31 March 2006	100		100	
Issued during current half year				
CONVERTIBLE NOTES				
Value at 31 March 2006	200,000,000		200,000,000	
Unamortised Transaction Costs	(2,800,000)		(4,010,000)	
Value at 31 March 2006	197,200,000		195,990,000	
OPTIONS:	Issued	Quoted	Exercise Price	Expiry Date
Issued during current half year				
DEBENTURES - Totals only:		$		
UNSECURED NOTES - Totals only:		$		
OTHER SECURITIES		$	$	

Description includes rate of dividend or interest and any redemption or conversion rights together with the prices and dates thereof.

18 COMMENTS BY DIRECTORS

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

(a) Material factors affecting the revenues and expenses of the group for the current half year

NIL

(b) Significant trends or events since end of current half year

NIL

(c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed

The financial statements have been prepared in accordance with NZ IFRS. This has resulted in no changes to net profit or to equity

(d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain

NIL

(e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty

(f) Other comments

NIL

19 DIVIDEND

(a) Dividend Yield as at balance date (%) (Annual dividend per share divided by price per share

0%

(b) Tax Adjusted Dividend Yield as at balance date (%) (Annual net dividend per share divided by price per share)

0%

20 ANNUAL MEETING (if full year report)

(a) To be held at

n/a

(b) Date 200 Time

(c) Approximate date of availability of Annual Report

If this half year report was approved by resolution of the Board of Directors, please indicate date of meeting:

P. e. Ellis

22-May-06

(signed by) Authorised Officer of Listed Issuer (date)

*Delete as required